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C O N F I D E N T I A L BUENOS AIRES 001038

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TAGS: [PGOV](#) [ECON](#) [AR](#)  
SUBJECT: (C) ARGENTINA: SENATE PRESIDENT SAYS CRISIS JUST  
BEGINNING

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) & (d).

¶1. (C) Summary: Senate President Pampuro told the Ambassador on July 24 that the GOA is in a delicate situation, tension is high throughout the government and society, and the crisis is just beginning. He said it is far from clear that a congressional majority can be pulled together at present for a controversial bill, such as the audiovisual bill, for example. Pampuro said that he had tried unsuccessfully to serve as an intermediary between President Cristina Fernandez de Kirchner (CFK) and VP Cobos, calling Cobos twice before his tiebreaking vote in the Senate against the Executive export tax bill. In speaking of Cabinet Chief Alberto Fernandez's (AF) resignation, Pampuro opined that although it would be hard to replace AF, perhaps it was better he left the administration quickly. He added that new Cabinet Chief Sergio Massa, who was sworn in later July 24, might add a breath of fresh air to the Cabinet. Pampuro commented that the political situation made it difficult for the GOA to address the problems faced by Argentina's economy, such as inflation. On Pampuro's request, the Ambassador clarified the U.S. Fourth Fleet's mission and Pampuro said he believed CFK and AF understood the Fleet's purpose after speaking with A/S Shannon during his 10-12 July visit. End Summary.

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Senate President: The Crisis is Just Beginning  
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¶2. (C) Ambassador Wayne sought the meeting with Senate President Jose Pampuro because of his connections throughout the Peronist party (PJ) and his moderate politics. Pampuro described the domestic political situation as "complicated and delicate" and suggested that the "crisis is just beginning". Pampuro expressed regret over the tension within the GOA, the limited options open to the government, and the deadlock the country is experiencing. He said Peronist governors were very unhappy with the Kirchners and were looking for changes in the way the Federal government makes decisions. They are very concerned about the sharp rise in popular unhappiness with the government. He indicated that some in the PJ are now actively organizing "anti-K" networks. He added that the congressional majority will not be easily put back together. In the lower house, PJ deputy Felipe Sola has 15 dissident PJ deputies loyal to him, not the majority leader. Similar independence is evident in the Senate where Pampuro is working to rebuild ties. He said he believes the government can build coalitions around non-controversial projects like the take over of Aerolineas Argentinas. However, he fears that if the government sends forward the new audiovisual law now, it will be defeated. He said he is working to get the government to delay, despite Nestor Kirchner's (NK) desire to push ahead.

¶3. (C) Pampuro opined that he hoped Argentina would not fall to the level of the 2001 financial crisis, a period he

experienced first-hand as former President Eduardo Duhalde's cabinet chief. The Ambassador commented that normally a government in such a situation would look for opportunities to regain popularity. Pampuro acknowledged that President Cristina Fernandez de Kirchner's (CFK) low approval rating complicates the situation. He said the situation is further complicated by divisions within the government, and noted that his focus right now is on maintaining and rebuilding the Victory Front bloc.

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Playing the Role of Intermediary  
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¶4. (C) Pampuro commented that he had tried to serve as an intermediary between CFK and Vice President Julio Cobos, speaking to Cobos twice before his tiebreaking vote in the Senate against the Executive export tax bill. He said he had since talked to Cobos and would try to bring about a reconciliation between the VP and the President.

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On the Cabinet Chief's Departure  
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¶5. (C) Pampuro commented on Cabinet Chief Alberto Fernandez's (AF) resignation on July 23 and shared his views on AF's replacement, Tigre Mayor Sergio Massa. Pampuro said he had spent much time with AF over the past few days, visiting him at home. In the end, AF felt it was time for him to leave as he could not bring about the changes he desired. Noting that it would be difficult to replace AF, Pampuro remarked that perhaps it was better that AF left the administration

quickly. Pampuro described Massa as young with a different profile from AF, and speculated that Massa might offer some needed fresh air to the cabinet and help reduce the tense relations. Pampuro said it would be very hard for Massa to establish his power and influence given the heavy hitters still in the Cabinet, but Pampuro said he held out hope that Internal Commerce Secretary Moreno would still be removed after a short delay.

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Difficult Economic Times  
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¶6. (SBU) Pampuro asked the Ambassador's opinion about Argentina's current economic situation. The Ambassador noted that GOA priorities seem to be focused on job creation in the urban economy, and that there is space to create good work programs to decrease the high proportion of informal labor in the economy. Pampuro agreed, noting that it is not easy and the government needs to include all social and economic sectors -- producers, workers, and the church -- in the effort. The Ambassador added that as the farm conflict subsides, Argentines will turn their focus to coping with inflation and the concerns of daily life. Addressing the foreign business climate in Argentina, the Ambassador referred to Forbes magazine's annual list of Best Countries for Business, noting Argentina was ranked five places lower than Nigeria. The Ambassador added that although it might not be an accurate portrayal for Argentina to fall below Nigeria, it is a perception to be addressed. Pampuro opined that the political situation made it difficult to improve the economy and the business environment, despite Argentina's priority need for more foreign investment.

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Our Bilateral Relationship  
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¶7. (SBU) The Ambassador emphasized Washington's interest in maintaining strong relations with Argentina and that A/S Thomas Shannon's visit to Argentina sent the message that Argentina and the U.S. are working together. Pampuro replied that Argentina is regionally important to the U.S. The Ambassador relayed that he attended a COM conference at the

U.S. Southern Command on July 16-17, where he spoke of the positive bilateral cooperation.

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Dispelling Concerns about the Fourth Fleet  
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18. (C) In that connection, Pampuro asked the Ambassador about the status of the Fourth Fleet. The Ambassador replied that the Fleet was created largely as a bureaucratic exercise to give the U.S. Southern Command a fleet organization similar to that under other regional commands. The Ambassador stressed that the Fourth Fleet's creation does not indicate a change of mission, clarifying that the mission remains humanitarian, natural disaster, and narco-trafficking cooperation. He assured Pampuro that the Fourth Fleet would remain in international waters, not entering territorial waters without invitation. The Ambassador added that the Fleet's largest ship is a hospital ship. There are approximately 100 staff stationed at the Fleet's headquarters in Mayport, Florida. The Ambassador explained that the Fleet does not have an aircraft carrier, or missile cruisers, but noted it does contain destroyers for use in drug interdiction operations among other tasks. The Ambassador asked Pampuro what more could be done to clarify the Fleet's purpose to the GOA. Pampuro said he felt there had been an illogical reaction from Minister of Defense Nilda Garre reflected in her critical public comments earlier in the week. He added that he believed CFK and AF understood the Fleet's purpose after speaking with Shannon during his 10-12 July visit. The Ambassador said he was preparing a letter for Minister of Defense Nilda Garre, which included an invitation to visit the Fourth Fleet. Pampuro also inquired about the status of Lockheed Martin's cooperation with the GOA on the Pampa aircraft and other issues. The Ambassador updated him.

19. (SBU) Pampuro expressed concern about Brazil's efforts to lead the region, remarking that Argentina needs to be strong to prevent Brazil's hegemony.

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Bio Note  
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110. (SBU) Pampuro brings extensive experience in politics at the local and national levels to his post. After graduating from medical school, he practiced in Argentina and Great Britain. In 1983, he was appointed head of the Department of Health in Lanus city in Buenos Aires province. From 1987 to 1991 he served as the PJ representative for Buenos Aires province and from 1991 to 1992 he was Health and Social Welfare provincial minister. In 2002, he served as then-President Eduardo Duhalde's private secretary and in October became Secretary General of the Presidency, serving as Duhalde's cabinet chief until May 2003. In May 2003, former President Nestor Kirchner named him as his new Minister of Defense, where he remained until October 2005. Pampuro was elected to the Senate on the Victory Front ticket in December 2005 and will complete his term in December 2011. In February 2006, he was elected provisional president of the Senate, making him second in line to the presidency. Born on November 28, 1949, Pampuro is married and has three children. Pampuro relayed to the Ambassador that he learned English while attending St. George's School in Quilmes and later as an adult he spent nearly a year in London. Pampuro opined that unfortunately in Argentina he does not have the opportunity to practice his English.

111. (C) Comment: Pampuro's frank and critical assessment of the current political situation reflects the discontent and worry in more moderate wings of the Peronist party about where the Kirchners are taking them.  
WAYNE